

October 25, 1938

To the Board of Governors,

Investment Bankers Conference:

It is the recommendation of the Special Committee on the Maloney Act of Investment Bankers Conference, Inc.:

1. That the Governing Committee authorize the preparation of Investment Bankers Conference for registration as a national securities association under the Act.

2. That the Governing Committee discharge the Special Committee on the Maloney Act, its purpose being accomplished.

3. That the Governing Committee authorize Chairman Griswold to appoint a Special Drafting Committee of not over ten members, geographically representative and including representatives who are also members of Conference, of other existing dealer associations, to determine, in consultation with the S.E.C., the adequacy for compliance with the Act of the following required or most desirable changes recommended in the structure of I.B.C.; and otherwise prepare the Conference to apply for registration.

(a) Change name to "Securities Dealers Association."

(b) Add to present purpose clause of Certificate of Incorporation statement of intent to become a registered national securities association.

(c) Change membership eligibility by-law to conform to Act.

(d) Immunize employees against liability.

(e) Eliminate from by-laws provision for membership certificates.

(f) Correct ambiguity in present by-law provision as to voting, to limit member to one vote in a district.

(g) Limit liability of members for dues in any one year, while leaving reasonable measure of discretion to governors to assess, by, for example, limiting assessments to one per year made at beginning of fiscal year.

(h) Amend by-laws to provide that any governor who has served a full term may not succeed himself and shall be ineligible for re-election for twelve months after the expiration of his term. Enlarge district nominating committees from three to five members.

(i) Eliminate by-law requirement for Washington office and leave location of offices to discretion of governors.

(j) Broaden powers of governors in respect to employment of paid personnel.

(k) Change procedure for adoption of changes in by-laws and rules of fair practice to require affirmative action by members.

(l) Change complaint procedure to comply with requirements of the Act and to provide for handling of complaints in first instance by district committees, with right of appeal to governors.

(m) Amend present provision of by-laws providing for associate membership, to meet requirement of Act for provision for "affiliates."

Accompanying these recommendations, but not a part thereof, is a brief summary of the joint activities of the Special Committee and the I.B.A. Maloney Act Committee and an outline of the discussion leading to these recommendations. This is presented for the information of the Governors and the guidance of the committee recommended in paragraph 3 above, if appointed. It and the Hostetler report attached thereto set forth the reasons influencing the committee to recommend the retention of the present provisions of the Certificate of Incorporation, By-Laws, and Rules of Fair Practice, except for the changes and additions herein proposed.

Respectfully submitted,  
SPECIAL COMMITTEE ON THE MALONEY ACT

By                   Nevil Ford

Chairman